
LOUISIANA CHILDREN'S MUSEUM
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 10 2014

P&N Postlethwaite
& Netterville

A Professional Accounting Corporation

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LOUISIANA CHILDREN'S MUSEUM
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

LOUISIANA CHILDREN'S MUSEUM

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Louisiana Children's Museum

We have audited the accompanying financial statements of the Louisiana Children's Museum (the Museum), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Children's Museum as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2014 on our consideration of the Museum's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite + Netterville

Metairie, Louisiana
July 10, 2014

LOUISIANA CHILDREN'S MUSEUM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents, unrestricted	\$ 68,565	\$ 57,442
Cash and cash equivalents, restricted (note 4)	1,123,914	1,056,405
Grant receivables, restricted	505,420	38,000
Investments (note 5)	138,218	123,861
Promises to give, net, restricted (note 4)	552,876	393,676
Inventory	34,384	18,075
Prepaid expenses	55,692	54,925
Total current assets	<u>2,479,069</u>	<u>1,742,384</u>
Property and equipment, net (note 2)	2,594,930	2,723,155
Promises to give, net, restricted (note 4)	763,789	-
Collectibles	4,650	4,650
Deposits	<u>1,560</u>	<u>2,060</u>
Total assets	<u>\$ 5,843,998</u>	<u>\$ 4,472,249</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable and other accrued expenses	\$ 188,210	\$ 186,325
Notes payable, current portion (note 3)	43,099	43,404
Total current liabilities	<u>231,309</u>	<u>229,729</u>
Notes payable, long-term portion (note 3)	<u>310,000</u>	<u>353,106</u>
Total liabilities	<u>541,309</u>	<u>582,835</u>
Net assets:		
Unrestricted	2,284,895	2,446,958
Temporarily restricted (note 4)	2,945,999	1,370,661
Permanently restricted (note 4)	<u>71,795</u>	<u>71,795</u>
Total net assets	<u>5,302,689</u>	<u>3,889,414</u>
Total liabilities and net assets	<u>\$ 5,843,998</u>	<u>\$ 4,472,249</u>

See accompanying notes to financial statements.

LOUISIANA CHILDREN'S MUSEUM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and other support:								
General and administrative	\$ 462,742	\$ -	\$ -	\$ 462,742	\$ 402,392	\$ -	\$ -	\$ 402,392
Marketing and sales	212,358	-	-	212,358	218,782	-	-	218,782
Museum store	132,647	-	-	132,647	108,689	-	-	108,689
Fund raising	201,095	-	-	201,095	165,260	-	-	165,260
Development	39,855	974,201	-	1,014,056	33,810	474,338	-	508,148
Education	59,119	-	-	59,119	75,512	-	-	75,512
Early Learning Village	-	1,167,789	-	1,167,789	-	26,445	-	26,445
Memberships	177,044	-	-	177,044	171,708	-	-	171,708
	1,284,860	2,141,990	-	3,426,850	1,176,153	500,783	-	1,676,936
Net assets released from restrictions	566,652	(566,652)	-	-	879,747	(879,747)	-	-
Total revenue and other support	1,851,512	1,575,338	-	3,426,850	2,055,900	(378,964)	-	1,676,936
Expenses:								
General and administrative	353,670	-	-	353,670	332,977	-	-	332,977
Marketing and sales	229,209	-	-	229,209	199,880	-	-	199,880
Museum store	128,494	-	-	128,494	124,168	-	-	124,168
Fund raising	87,305	-	-	87,305	101,726	-	-	101,726
Development	145,104	-	-	145,104	184,822	-	-	184,822
Education	561,310	-	-	561,310	542,786	-	-	542,786
Early Learning Village	182,182	-	-	182,182	156,596	-	-	156,596
Exhibit, maintenance and repairs	326,301	-	-	326,301	309,269	-	-	309,269
Total expenses (note 7)	2,013,575	-	-	2,013,575	1,952,224	-	-	1,952,224
Change in net assets	(162,063)	1,575,338	-	1,413,275	103,676	(378,964)	-	(275,288)
Net assets at beginning of year	2,446,958	1,370,661	71,795	3,889,414	2,343,282	1,749,625	71,795	4,164,702
Net assets at end of year	\$ 2,284,895	\$ 2,945,999	\$ 71,795	\$ 5,302,689	\$ 2,446,958	\$ 1,370,661	\$ 71,795	\$ 3,889,414

See accompanying notes to financial statements.

LOUISIANA CHILDREN'S MUSEUM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Cash flows provided by (used in) operating activities:		
Cash received from contributors, gifts, members, visitors and programs	\$ 1,903,794	\$ 1,618,219
Cash received from museum store	132,647	108,689
Salaries and benefits paid to employees	(934,337)	(806,651)
Operating expenses	(921,871)	(1,011,186)
Interest paid	(18,415)	(17,222)
Net cash provided by (used in) operating activities	<u>161,818</u>	<u>(108,151)</u>
Cash flows used in investing activities:		
Purchases of equipment and exhibit	(39,775)	(105,433)
Net cash used in investing activities	<u>(39,775)</u>	<u>(105,433)</u>
Cash flows used in financing activities:		
Repayment of note payable	(43,411)	(47,971)
Net cash used in financing activities	<u>(43,411)</u>	<u>(47,971)</u>
Net change in cash and cash equivalents	78,632	(261,555)
Cash and cash equivalents at beginning of year	<u>1,113,847</u>	<u>1,375,402</u>
Cash and cash equivalents at end of year	<u>\$ 1,192,479</u>	<u>\$ 1,113,847</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,413,275	\$ (275,288)
Change in unrealized gains on investments, allowance and discount on promises to give	(14,357)	(11,844)
Depreciation	168,000	172,265
Adjustments to reconcile change in net assets provided by (used in) operating activities:		
Changes in:		
Grant receivables	(467,420)	(17,000)
Promises to give	(922,989)	66,972
Inventory	(16,309)	4,496
Prepaid expenses	(767)	(12,842)
Deposits	500	-
Accounts payable and other accrued expenses	1,885	(34,910)
Net cash provided by (used in) operating activities	<u>\$ 161,818</u>	<u>\$ (108,151)</u>
As presented on the statements of financial position:		
Cash and cash equivalents, unrestricted	\$ 68,565	\$ 57,442
Cash and cash equivalents, temporarily restricted	1,123,914	1,056,405
Total cash and cash equivalents	<u>\$ 1,192,479</u>	<u>\$ 1,113,847</u>

See accompanying notes to financial statements.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies

History and Organization

The Louisiana Children's Museum (the Museum), which opened in October 1986, is an invaluable cultural, educational and recreational resource serving the City of New Orleans with exhibits and programs focusing on health, fitness, art, local history, cultural heritage, local industry, geography, literacy, science, math, safety, and daily living skills.

The Museum is organized as a private, nonprofit corporation, chartered in the State of Louisiana and granted 501(c)(3) status by the Internal Revenue Service. It is governed by a 33-member Board of Directors. The Museum is heavily dependent on community support for contributions and memberships.

The Early Learning Village (ELV) is a planned educational and cultural complex situated on an 8 acre site in New Orleans City Park to support and nurture the optimal development of children and families. The planned relocation of the Louisiana Children's Museum is the anchor of the Early Learning Village. Surrounding the Louisiana Children's Museum in the ELV are local organizations that help our families provide healthy and caring relationships, model lifestyles that promote physical, social, emotional and cognitive health, and engage in a successful start to lifelong learning. Daily programming on-site will be accompanied by training throughout the State of Louisiana on child development and family well-being.

Financial Statement Presentation

The Museum's net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Museum and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Museum and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Museum pursuant to those stipulations.

Basis of Presentation

The Museum prepares its financial statements on the accrual basis of accounting.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. **Summary of Significant Accounting Policies (continued)**

Cash and cash equivalents

For purposes of the statements of cash flows, the Museum considers all highly liquid investments in money market funds to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Promises to give and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Inventory

The Museum's gift shop inventory is valued at cost on the first-in, first-out method.

Property and Equipment

Property and equipment of the Museum are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets on the straight-line method.

Income Taxes

The Museum is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under Section 121(5) of Title 47 of the Louisiana Revised Statutes of 1950.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies (continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Museum may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Museum and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2013 and 2012.

The Museum's tax returns for the years ended December 31, 2012, 2011, and 2010 remain open and subject to examination by taxing authorities. The tax return for the year ended December 31, 2013 has not been filed as of the report date and is on valid extension.

Contributions and Memberships

Contributions and memberships represent cash donations to the Museum from private organizations and individuals and are recognized as support when received or pledged.

Restricted Net Assets

The Museum reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of long-lived operating assets such as land, buildings or equipment are reported as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that could affect reported amounts of assets at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results and the results of future periods could differ from those estimates.

Financial instruments with off-balance sheet risk

The Museum periodically has funds in excess of federally insured limits at its lender bank. At December 31, 2013 and 2012, \$658,596 and \$527,240, respectively, of the Museum's cash was over the FDIC limits.

2. Property and Equipment

A summary of property and equipment as of December 31 is as follows:

	2013	2012	Estimated Useful Life
Land	\$ 381,000	\$ 381,000	N/A
Buildings and improvements	2,933,327	2,920,926	30 years
Exhibits	1,127,706	1,102,649	5 years
Equipment	182,488	180,172	5 years
Construction in progress	613,817	613,816	N/A
	5,238,338	5,198,563	
Less: accumulated depreciation	(2,643,408)	(2,475,408)	
Property and equipment, net	<u>\$ 2,594,930</u>	<u>\$ 2,723,155</u>	

Included in construction in progress at December 31, 2013 and 2012 are payments for the design of the Early Learning Village project. The land, building, and building improvements are pledged as collateral on the outstanding note payable.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

3. Notes Payable

A summary of notes payable as of December 31, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Note payable, payable in 4 payments of principal plus interest in an annual amount of \$35,000, with the entire unpaid balance of principal and interest due December 31, 2017, secured by property. Interest rate of 4.50% at December 31, 2013.	\$ 345,000	\$ 380,000
Note payable, unsecured, principal and interest are payable in one payment of \$25,000 on November 31, 2011 and 36 monthly payments of \$757 per month commencing December 31, 2011. Interest rate of 5.3% at December 31, 2013 and 2012.	8,099	16,510
	<u>353,099</u>	<u>396,510</u>
Less current portion	<u>(43,099)</u>	<u>(43,404)</u>
Total long-term notes payable	<u>\$ 310,000</u>	<u>\$ 353,106</u>

The aggregate maturities of outstanding debt as of December 31, 2013 are as follows:

2014	\$ 43,099
2015	35,000
2016	35,000
2017	240,000
	<u>\$ 353,099</u>

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

4. Restricted Net Assets

Temporarily restricted net assets of \$2,945,999 and \$1,370,661 as of December 31, 2013 and 2012, respectively, are restricted for the following purpose:

	2013	2012
Exhibits	\$ 606	\$ 35,478
Programs	803,361	656,958
Marketing and Advertising	500,000	-
Early Learning Village	1,642,032	678,225
	<u>\$ 2,945,999</u>	<u>\$ 1,370,661</u>

In December 2008, the State of Louisiana Office of Facility Planning and Control approved capital outlay funding to be used for the ELV Project. In May 2009, the cooperative endeavor agreement relating to this funding was signed by the Museum and the State of Louisiana. At December 31, 2013 and 2012, included in promises to give is \$93,676. During the year ended December 31, 2010, the Museum received an additional commitment of \$300,000 from the State of Louisiana for the ELV Project. At December 31, 2013 and 2012, included in promises to give is \$300,000.

Cash, cash equivalents and investments include donor imposed temporarily restricted amounts of \$1,186,165 and \$1,056,405 as of December 31, 2013 and 2012, respectively.

The Museum also has permanently restricted net assets of \$71,795 as of December 31, 2013 and 2012, of which the interest earnings on these funds are available for unrestricted operating purposes. For 2013 and 2012, the net assets released are comprised of previously recorded temporary restricted assets that have met either time or purpose restrictions primarily for educational purposes.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

5. Fair Value of Financial Instruments

ASC Topic 820, "Fair Value Measurements and Disclosures," establishes a fair value hierarchy with three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, defined as inputs such as unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for use when little or no market data exist, therefore requiring an entity to develop its own assumptions.

At December 31, 2013 and 2012, the Museum held certain financial assets and liabilities that are required to be measured at fair value on a recurring basis, primarily our investments held by Greater New Orleans Foundation. The following table presents financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2013 and 2012 by *Fair Value Measurement* valuation hierarchy:

	Quoted Prices in Active Markets for Identical Assets (Liabilities) (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>2013</u>				
Greater New Orleans Foundation Investments	\$ <u>36,006</u>	\$ <u>102,212</u>	\$ <u>-</u>	\$ <u>138,218</u>
<u>2012</u>				
Greater New Orleans Foundation Investments	\$ <u>40,353</u>	\$ <u>83,508</u>	\$ <u>-</u>	\$ <u>123,861</u>

The fair value of cash and cash equivalents, accounts receivable, promises to give, inventory, and accounts payable approximates book value at December 31, 2013 and 2012 due to the short-term nature of these accounts.

LOUISIANA CHILDREN'S MUSEUM
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

6. Receivables

During the year ended December 31, 2010, the Museum received a verbal commitment from a Fortune 500 company of \$1,000,000 to assist in funding the Early Learning Village project. At December 31, 2013 and 2012, no amounts are recorded in promises to give receivables relating to this verbal commitment. During the years ended December 31, 2013 and 2012, the Museum received no amounts on this verbal commitment. The Museum has received \$200,000 in prior years relating to the verbal commitment and at December 31, 2013 the verbal commitment has a balance of \$800,000 remaining.

At December 31, 2013, included in promises to give, net is \$922,989 of pledges restricted for the Early Learning Village project. At December 31, 2013, included in grant receivables is \$500,000 that is restricted for marketing and advertising related expenditures.

7. Subsequent Event

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 10, 2014, and noted the following item requiring disclosure.

In 2014, the State of Louisiana Legislature passed HB 2 and included funding of \$2.77 million (as Priority 1), \$3.0 million (as Priority 2) and \$14.1 million (as Priority 5) for the Louisiana Children's Museum and the ELV project. Actual appropriation of these amounts is uncertain and is pending the issuance of bonds by the State of Louisiana and the approval of the State Bond Commission.

LOUISIANA CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

(8) Expenses

Expenses were incurred for the year ended December 31, 2013 for the following:

	General and administrative	Marketing and sales	Museum store	Fund raising	Development	Education	Early Learning Village	Exhibit maintenance and repairs	Total
Salaries, benefits and related expenses	\$ 117,307	\$ 86,178	\$ 39,318	\$ 40,529	\$ 115,139	\$ 354,924	\$ 143,087	\$ 37,855	\$ 934,337
Advertising	-	39,779	-	-	-	-	-	-	39,779
Bank fees	32,452	-	-	-	-	-	-	-	32,452
Contracted services	53,151	61,341	119	961	1,168	4,291	22,282	-	143,313
Depreciation	30,240	-	3,360	-	-	-	-	134,400	168,000
Dues and subscriptions	4,074	1,855	500	63	2,365	63	-	165	9,085
Entertainment	-	500	-	-	-	-	-	-	500
Equipment rental	1,448	-	-	-	-	-	-	5,512	6,960
Exhibits and programs	-	-	-	-	-	169,048	-	21,877	190,925
Cost of goods sold	-	-	63,671	-	-	-	-	-	63,671
Housekeeping	9,152	-	1,017	-	-	-	-	40,678	50,847
Insurance	64,980	-	1,624	-	-	-	-	14,620	81,224
Interest	3,315	-	368	-	-	-	-	14,732	18,415
Miscellaneous	5,511	1,892	2,189	2,944	4,733	4,213	1,374	391	23,247
Parking	3,420	2,300	1,200	1,200	931	5,938	3,135	1,800	19,924
Repairs and maintenance	9,455	-	-	-	-	-	-	39,410	48,865
Security	802	-	-	-	-	-	-	-	802
Special events and fund raising	-	7,233	-	20,531	-	5,502	2,298	-	35,564
Supplies, postage and printing	10,475	22,580	268	6,217	3,413	1,658	4,821	-	49,432
Travel and training	2,337	-	-	-	2,495	813	5,185	-	10,830
Utilities	5,551	5,551	14,860	14,860	14,860	14,860	-	14,861	85,403
Total expenses	\$ 353,670	\$ 229,209	\$ 128,494	\$ 87,305	\$ 145,104	\$ 561,310	\$ 182,182	\$ 326,301	\$ 2,013,575

LOUISIANA CHILDREN'S MUSEUM

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

(8) Expenses

Expenses were incurred for the year ended December 31, 2012 for the following:

	General and administrative	Marketing and sales	Museum store	Fund raising	Development	Education	Early Learning Village	Exhibit maintenance and repairs	Total
Salaries, benefits and related expenses	\$ 68,248	\$ 79,070	\$ 41,363	\$ 34,425	\$ 160,808	\$ 312,461	\$ 68,061	\$ 42,215	\$ 806,651
Advertising	-	20,301	-	-	-	-	70	-	20,371
Bank fees	37,736	-	-	-	-	-	-	-	37,736
Contracted services	67,795	48,506	19	350	1,164	1,799	81,623	-	201,256
Depreciation	31,008	-	3,445	-	-	-	-	137,812	172,265
Dues and subscriptions	4,318	1,420	220	-	302	58	960	-	7,278
Entertainment	-	-	-	-	-	-	-	-	-
Equipment rental	700	-	-	-	-	-	-	8,104	8,804
Exhibits and programs	-	-	-	8,348	-	174,633	-	53	183,034
Cost of goods sold	-	-	58,015	-	-	-	-	-	58,015
Housekeeping	11,276	-	1,253	-	-	-	-	50,117	62,646
Insurance	71,829	-	1,796	-	-	-	-	16,161	89,786
Interest	3,100	-	344	-	-	-	-	13,778	17,222
Miscellaneous	10,420	975	-	180	4	14,278	413	-	26,270
Parking	3,403	2,430	939	1,100	1,201	5,331	1,600	2,400	18,404
Repairs and maintenance	6,106	-	-	-	-	-	-	23,314	29,420
Security	774	-	-	-	-	-	-	-	774
Special events and fund raising	-	17,867	-	39,451	-	10,677	-	-	67,995
Supplies, postage and printing	8,887	23,347	202	2,591	5,617	2,147	3,147	32	45,970
Travel and training	1,648	256	1,291	-	445	6,121	722	-	10,483
Utilities	5,709	5,708	15,281	15,281	15,281	15,281	-	15,283	87,824
Total expenses	\$ 332,977	\$ 199,880	\$ 124,168	\$ 101,726	\$ 184,822	\$ 542,786	\$ 156,596	\$ 309,269	\$ 1,952,224

SUPPLEMENTAL INFORMATION

LOUISIANA CHILDREN'S MUSEUM

SCHEDULE OF COMPARISON OF STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012	Variance	
			Favorable (Unfavorable)	
			Amount	Percentage
Revenues and other support:				
General and administrative	\$ 462,742	\$ 402,392	\$ 60,350	15.0%
Marketing and sales	212,358	218,782	(6,424)	(2.9)%
Museum store	132,647	108,689	23,958	22.0%
Fund raising	201,095	165,260	35,835	21.7%
Development	1,014,056	508,148	505,908	99.6%
Education	59,119	75,512	(16,393)	(21.7)%
Early Learning Village	1,167,789	26,445	1,141,344	4,315.9%
Memberships	177,044	171,708	5,336	3.1%
	<u>3,426,850</u>	<u>1,676,936</u>	<u>1,749,914</u>	<u>104.4%</u>
Expenses:				
General and administrative	440,328	332,977	(107,351)	(32.2)%
Marketing and sales	276,286	199,880	(76,406)	(38.2)%
Museum store	61,920	124,168	62,248	50.1%
Fund raising	84,402	101,726	17,324	17.0%
Development	332,689	184,822	(147,867)	(80.0)%
Education	311,519	542,786	231,267	42.6%
Early Learning Village	182,182	156,596	(25,586)	(16.3)%
Exhibit, maintenance and repairs	324,249	309,269	(14,980)	(4.8)%
Total expenses	<u>2,013,575</u>	<u>1,952,224</u>	<u>(61,351)</u>	<u>(3.1)%</u>
Change in net assets	1,413,275	(275,288)	1,688,563	613.4%
Net assets at beginning of year	<u>3,889,414</u>	<u>4,164,702</u>	<u>(275,288)</u>	<u>(6.6)%</u>
Net assets at end of year	<u>\$ 5,302,689</u>	<u>\$ 3,889,414</u>	<u>\$ 1,413,275</u>	<u>36.3%</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

To the Board of Directors
Louisiana Children's Museum

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Louisiana Children's Museum (the Museum), which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated July 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Museum's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Museum's internal control. Accordingly, we do not express an opinion on the effectiveness of the Museum's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Museum's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pottethwaite & Nettowille

Metairie, Louisiana
July 10, 2014